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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

DEUTSCHE BANK TRUST COMPANY
AMERICAS, as Trustee and Securities
Intermediary,

Plaintiff,

- against -

LACROSSE FINANCIAL PRODUCTS, LLC,
CEDE & CO., as Holder of certain Secured Notes
and nominee name of the Depositary Trust
Company, AURELIUS CAPITAL PARTNERS,
LP, AURELIUS CAPITAL MASTER, LTD., THE
BANK OF N.T. BUTTERFIELD & SON
LIMITED, CLASS V FUNDING II LTD.,
CLIFTON I CDO LIMITED, DRESDNER
KLEINWORT (a.k.a DRESDNER KLEINWORT
LIMITED), IXIS ABS CDO 3 LTD., LOGAN
CDO III LIMITED, MAGNETAR
CONSTELLATION MASTER FUND, LTD.,
MAGNETAR CONSTELLATION MASTER
FUND III, LTD., MAGNETAR
CONSTELLATION FUND II, LTD., PALMER
SQUARE 3 LIMITED, PASA FUNDING 2007-1,
LTD., REVELSTOKE CDO I LTD., SILVER
ELMS CDO plc, UBS ABSOLUTE RETURN
BOND FUND, a fund of UBS Funds, Inc., UBS
GLOBAL BOND FUND, a fund of UBS Funds,
Inc., ZAIS OPPORTUNITY MASTER FUND,
LTD, and DOES 1 through 100, owners of
beneficial interests in the Secured Notes,

Defendants.

No. 1:08 CV 00955 (LAK)

STIPULATION OF DISMISSAL
AND SUBSTITUTION OF
DEFENDANT

IT IS HEREBY STIPULATED AND AGREED, by and among the undersigned,

that:

1. On January 29, 2008, Deutsche Bank Trust Company Americas
("Deutsche Bank"), as Trustee and Securities Intermediary under an Indenture dated March 15,

2007 between and among itself, Sagittarius CDO I Ltd., as Issuer, and Sagittarius CDO I LLC, as Co-Issuer (the "Indenture"), initiated this interpleader action.

2. PASA FUNDING 2007, LTD. ("PASA") was the owner of the beneficial interest in \$15,000,000 in principal amount of Class A and \$10,000,000 in principal amount of Class B Secured Notes (collectively, the "Notes") currently held by Cede & Co. and issued pursuant to the Indenture that is the subject of this action.

3. The Bank of New York Mellon Trust Company, National Association (f/k/a The Bank of New York Trust Company, National Association), as trustee (the "PASA Trustee"), represents that PASA subsequently pledged all its right, title, and interest in and to the Notes to the PASA Trustee under a certain indenture dated March 29, 2007 (the "PASA Indenture") between PASA and the PASA Trustee.

4. The PASA Trustee further represents that, following the occurrence and continuance of an Event of Default by PASA under the PASA Indenture, the PASA Trustee foreclosed on the lien of the PASA Indenture and that, on or about April 17, 2008, in accordance with the rights of the PASA Trustee under Article V of the PASA Indenture, the PASA Trustee sold at public auction all of PASA's and the PASA Trustee's right, title and interest in and to the Class A Notes to Bank of America, N.A. ("BoA").

5. Cede & Co. continues to be the holder of the Notes.

6. By executing this Stipulation, BoA agrees to be subject to the jurisdiction of this Court for purposes of this action and shall be deemed to have accepted service of all prior pleadings in this action.

7. Upon the "so ordering" of this Stipulation, BoA shall be substituted in and for PASA as a claimant and Defendant in this action in lieu of PASA to the extent of PASA's former ownership of a beneficial interest in the Class A Notes.

8. To the extent, if any, that PASA, as an owner of beneficial interest in the Class A Notes, did not transfer all of its right, title, and interest in and to the funds in the Interpleader Escrow in this action to the PASA Trustee, or the PASA Trustee did not effectively transfer all its right, title, and interest in and to such funds in the Interpleader Escrow, in this action to BoA in the public auction, the PASA Trustee, on behalf of itself and PASA, hereby irrevocably transfers and assigns to BoA any and all claims resulting from PASA's ownership of beneficial interest in the Class A Notes to any amounts now or in the future in the Interpleader Escrow.

9. The PASA Trustee, on behalf of itself and PASA, hereby releases Deutsche Bank and its parents, affiliates, and subsidiaries, and the officers, directors, employees predecessors, successors, agents, and assigns of any of them from any claims belonging to the PASA Trustee or to PASA arising out of or relating to the Indenture or this action.

Dated: February 27, 2009

NIXON PEABODY LLP

By:




Christopher M. Mason (CM-7146)

437 Madison Avenue
New York, New York 10022
Telephone: (212) 940-3000
Facsimile: (866) 947-2229
cmason@nixonpeabody.com

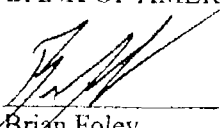
Attorneys for Plaintiff
Deutsche Bank Trust Company Americas

PASA FUNDING 2007, LTD.,
By The Bank of New York Mellon Trust
Company, National Association, as Trustee
under Power of Attorney

By: 
Name: Shelly Sterling
Title: Vice President

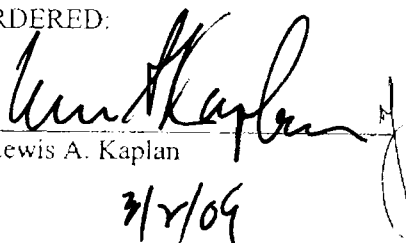
The Bank of New York Mellon Trust
Company, National Association
601 Travis, 17th Floor
Houston, Texas 77002
Attn: Global Corporate Trust -PASA
Funding
Telephone: 713-483-6518
Facsimile: 713-483-6670
suewan.johnson@bnymellon.com

BANK OF AMERICA, N.A.

By: 
Brian Foley
Principal

Bank of America, N.A.
One Bryant Park, 6th Floor
New York, New York 10036
Attn: Brian Foley
Telephone: 646-855-7563
Facsimile: 646-855-0161
Brian.foley@bofasecurities.com

SO ORDERED:


Hon. Lewis A. Kaplan
3/2/09